

January 11, 2019

Mr. Gerard Poliquin  
Secretary of the Board  
National Credit Union Administration  
1775 Duke Street  
Alexandria, Virginia 22314-3428

***Re: Comments on Federal Credit Union Bylaws***

Dear Mr. Poliquin:

I am writing on behalf of SchoolsFirst Federal Credit Union (SchoolsFirst FCU), which serves school employees and their family members in California. We have more than 860,000 Members and over \$15 billion in assets. SchoolsFirst FCU appreciates the opportunity to comment on the National Credit Union Administration Board's (NCUA) proposed rulemaking on Federal Credit Union Bylaws.

**Article II – Qualifications of Membership**

SchoolsFirst FCU agrees with the proposed addition of section 5, describing the concept of "member in good standing" into the regulation and the inclusion of the Office of General Counsel's opinions of when members may be subjected to the federal credit union's (FCU's) limitation of services policy for behavior deemed violent, belligerent, disruptive, or that poses a threat to the FCU, its employees, or other members.

We also appreciate the confirmation provided by the NCUA that a FCU may take any immediate lawful steps deemed necessary to address circumstances where a member poses a risk of harm to the FCU, its staff, and/or other members.

We agree with the NCUA's belief that terms such as "violent", "belligerent", "disruptive," and "abusive" are subjective and examples in a rule would not be able to provide an exhaustive list to FCUs of all circumstances under which limitation of services or restriction of access to FCU facilities would be appropriate. Therefore, we believe that inclusion of the terms "violent", "belligerent", "disruptive," and "abusive" in the final rule is sufficient and that the NCUA need not provide any further clarification for this purpose

**Article IV – Meetings of Members**

SchoolsFirst FCU does not agree with the proposed changes to the types of members in attendance that would constitute a quorum at meetings of the membership. Excluding members who are also part of the board, staff, or officials of a FCU for the purpose of establishing a quorum could lead to the very type of disenfranchisement the NCUA Board is seeking to avoid. This proposed change has an underlying implication that those individuals' rights as members are somehow inferior to the rights of other members of the FCU who are not board members, staff, or officials. A member's rights should not be diminished by virtue of the fact that they are employed or otherwise affiliated with the FCU.

#### **Article V – Elections**

SchoolsFirst supports the proposal to allow electronic voting at elections at the discretion of a FCU's board of directors. Allowing this enhancement will create efficiencies in the voting process for some FCUs, as it will reduce the level of manual effort needed for the election teller to tabulate votes. It may also have the effect of reducing the propensity for human error, which is inherent to a manual process, particularly when there are a large number of ballots to count.

#### **Article VI – Board of Directors**

SchoolsFirst FCU supports the revisions to the number of missed meetings after which a board member may be removed, and further agrees with the addition of the option for FCUs to establish, as a FCU board policy, the positions of "director emeritus" for former board members, and "associate director" as an opportunity to provide potential board members with experience and exposure to board meetings and duties.

#### **Article XVI – General**

SchoolsFirst FCU does not feel that a credit union's bylaws should be required to be posted on a FCU's public website. The NCUA already requires FCU's to make their charter and bylaws "available for inspection by any member, and if the member requests, a copy (be) provided for a reasonable fee." However, requiring FCUs to post their bylaws on their public website may cause confusion among the public and the FCU's membership. NCUA regulations do not require that FCUs update their bylaws each time that the NCUA revises the model bylaws appearing in Part 701. Existing FCUs are free to adopt the revised bylaws partially, in totality, or not at all. Therefore, comparisons made between bylaws from different FCUs and the NCUA's current posted model bylaws could lead to misinterpretation because the likelihood of any established FCU's current bylaws mirroring the existing version of the bylaws in Part 701 is very low, particularly with the existing differences between provisions that have been grandfathered in over the years from when a FCU was originally organized.

Thank you for the opportunity to comment on this proposed rulemaking. We feel that our feedback and recommendations will allow our movement to better serve our members by giving federal credit unions more flexibility to establish and maintain their community presence.

Sincerely,



Bill Cheney,  
President/CEO  
SchoolsFirst Federal Credit Union

cc: Credit Union National Association (CUNA)  
California/Nevada Credit Union League (CCUL)